GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:626
ANSWERED ON:21.11.2002
FINANCIAL ASSISTANCE BY BANKS AND FINANCIAL INSTITUTIONS
ALE NARENDRA

Will the Minister of POWER be pleased to state:

(a) whether the Union Government are likely to enlist the support of banks and financial institutions to fund the massive energy efficiency projects being undertaken in next five years; and

(b) if so, the time by which the final decision is likely to be taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) & (b): The financial institutions and banks generally finance projects on the strength of balance sheet of a company whereas large penetration, energy efficiency projects need financing on the strength of the cost benefit of the investment. Energy efficiency projects are expected to result in the reduced energy bill which, however, does not, get reflected in the balance sheet. Bank finance for investment exclusively in energy efficiency projects has thus not taken place significantly. The Bureau of Energy Efficiency (BEE) a statutory body created by the Central Government for implementing Energy ConservationAct, 2001, is making efforts to leverage financial resources, from multilateral and domestic financial agencies regarding removal of financial barrier and financing energy efficiency projects. It will require concerted and continuous efforts by all stakeholders to create confidence in the ability of energy service companies before the investments in energy efficiency projects by the financial institutions/banks become commercially viable and bankable.